

# EXHIBIT P

## Net Working Capital Standard

### Computations

#### Balance Sheet

The net working capital standard on page 1 of the Operating Report represents the minimum amount of net working capital needed to sustain satisfactory operation of the business. This net working capital standard is part of the contractual agreement between the dealership and the manufacturer and is established annually based on the dealer's method of operation and data shown on the operating reports for a 12-month period. The determinants are:

An average month's expenses excluding depreciation and amortization

An average month's parts and service customer receivables

An average month's cost of used vehicles sold retail. (Note: If any used vehicles are on floorplan, the amount of the note payable (Account 311, Notes Payable – Used Vehicles) will be subtracted from the used vehicle component, but only up to a maximum of 30% of the average's monthly cost.)

An average 2.4 months' cost of sales for parts and accessories sold

An average month's balance for factory receivables

An average month's cost of warranty claim sales

## Net Working Capital – Dealer

### Computations

#### Balance Sheet

This calculates the dealer's surplus of current assets over current liabilities.

Example:

Total Current and Working Assets	\$5,000,000
Minus: Total Liabilities	- 4,500,000
Plus: Qualified Long Term Debt	+ 30,000
Plus: Deferred Taxes ( <u>Account 333, Deferred Taxes</u> )	+ 20,000
Plus: Total LIFO Reserve (O.R. Page 7)	\$ 500,000
Plus: Mortgages Payable – Real Estate	+ 550,000
= Dealer Net Working Capital	\$ 1,600,000

Note: All dollar amounts are found on the Balance Sheet (O.R. Page 1) except for the Total LIFO Reserve. However, the dollar amount shown in LIFO RESERVE (O.R. Page 1) in the Asset Column as a NEGATIVE (which is the same amount as the TOTAL LIFO RESERVE on the O.R. Page 7) can be used in the computation by ignoring the negative sign in the calculation.